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MESSAGE NO. 001786 CLASSIFICATION Secret No. Pages 6

FROM: Al Adams S/S 28448 7224, NS
 (Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION NSC Discussion Paper: Economic Responses to the
Polish Economic Crisis

TO: (Agency)	DELIVER TO:	Extension	Room No.
NSC	Bud Nance		
Treasury	Secretary Regan		
JCS	GEN Gorman		
OSD	Mr. Carlucci - ATTN: MAJ Berend		
CIA	Mr. Gates - FOR Director Casey		

FOR: CLEARANCE ☐ INFORMATION ☐ PER REQUEST ☐ COMMENT ☐

REMARKS: For discussion at White House meeting 2:30 today.

S/S Officer: Eddie Herman

State Dept. review completed



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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NSC Discussion Paper: Economic Responses to the Polish Economic Crisis

The recommendations for immediate action are focused on Poland and are suspensions or postponements of U.S. decisions. Cancellation or rescinding previous agreements, especially debt reschedulings, could severely damage Polish chances for economic recovery. We can reserve judgments on these points pending clarification of the situation in Poland.

Economic reactions to other East Bloc countries and the Soviets should await more information on their involvement and the seriousness of the situation in Poland. However, we should not rule out a heavy price if the Polish democratic movement is crushed by force -- either internal or external.

We therefore recommend the following actions on economic relations with Poland.

A. Unilateral Actions:

- Withhold official notification to the Polish government of \$100 million in grain credit guarantees.
- Postpone Tuesday, December 15, CCEA consideration of Polish request for \$640 million in agriculture commodities.
- Provide telegraphic briefing to U.S. banks for their meeting with Poles on December 14.
- Brief the private voluntary agencies providing humanitarian food aid to Poland (CARE, Project Hope and Catholic Relief Services)
- Suspend consideration of all Polish requests now before the U.S. Government.
 1. OPIC coverage for U.S. foreign investment;
 2. More lenient terms on U.S. debt rescheduling;

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3. U.S. fishing allocations;

4. Higher textile quotas for Polish exports to the U.S.;

5. Reciprocal air rights agreement.

B. Multilateral Actions

-- Request a Quad Economic Directors meeting to discuss:

1. Debt rescheduling for 1982 and attendance at January 14-15 debt rescheduling meeting;

2. Provision of new industrial and raw material credits to Poland;

3. Discussion of continued food aid and medical aid for humanitarian purposes.

4. Discussion of suspension of 1981 debt rescheduling on the basis of exceptional "circumstances clause."

5. Discussion of economic implications of Polish or Soviet responses;

6. Discussion of possible leverage on USSR - pipeline and other issues.

-- Request Quad members to brief their national banking committees and request them not to discuss future credits with the Poles.

Drafted: EB/SEN:CMeissner

Clearance: EUR:JDScanlan

P:WJStoessel

Amb. Frank Meehan

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NSC DISCUSSION PAPER

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SUBJECT: Polish Situation: UN Aspects

1. In the present delicate situation, no immediate action is called for in New York.

2. Should the situation inside Poland worsen considerably and become violent, we could take the following actions in consultation with our allies:

-- Arrange for authoritative intelligence briefings of allies, OECD members, key non-aligned representatives, and UN Secretariat officials. Approve _____ Disapprove _____

-- Transmit a letter to the President of the Security Council requesting that the Polish situation be considered by the Council during the informal sessions scheduled for Monday, December 14 on the Seychelles complaint.

Approve _____ Disapprove _____
-- Be prepared to circulate a draft resolution expressing concern and calling for a Security Council Commission of Inquiry to investigate the situation in Poland (Tab 1).

Approve _____ Disapprove _____
3. In the event of a Soviet intervention, we should be prepared to move quickly with our allies to call for an emergency formal session of the Council. We would propose the following actions in the Council:

-- A formal public debate on the Soviet intervention.

-- We and our allies would make public calls during the debate for the Council and the Secretary General to use their good offices to promote a Soviet withdrawal.

-- We would also table a resolution condemning the Soviet intervention, calling for the withdrawal of Soviet troops, demanding respect for Polish territorial integrity and political independence, and asking that the Council remain seized of the question (Draft resolution at Tab 2).

Attachments

DRAFT RESOLUTION ON POLAND

The Security Council,

Taking note of the serious situation in Poland,

Also noting the presence of large numbers of troops of the Union of Soviet Socialist Republics on the territory of Poland,

Bearing in mind statements made by the Union of Soviet Socialist Republics indicating an intention to interfere in the situation in Poland, a situation which is strictly an internal matter,

Affirming that all Member States must refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations,

1. Demands (Affirms) that the territorial integrity and the political independence of the Republic of Poland be strictly respected;

2. Decides to appoint a Special Commission of Inquiry to investigate the events in and around Poland with the possibility of visiting Poland to determine the facts of the situation.

3. Requests that the Commission of Inquiry make a preliminary report to the Security Council no later than December 16, 1981.

4. Requests that the Secretary General provide the Commission with all necessary assistance.

5. Decides to remain seized with the question.

TAB 2

ILLUSTRATIVE DRAFT RESOLUTION

The Security Council

Gravely concerned at the entry onto the territory of Poland of armed forces of the USSR,

Strongly deploring the loss of life and the damage to the economic and social structure of Poland,

Conscious of the fact that the people of Poland wish to be able to determine their own political destiny free from the armed intervention of other States,

Recalling that the membership of the United Nations has unanimously recognized that, under international law, no State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State, and that every State has an inalienable right to choose its political, economic, social and cultural system, without interference in any form by any other State,

Acting under Articles 39 and 40 of the Charter,

Affirms that the sovereignty, territorial integrity, and political independence of Poland must be fully recognized,

Strongly condemns the military intervention into Poland by forces of the USSR,

Calls upon the USSR, immediately to withdraw all their armed forces from the

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territory of Poland and to refrain from the use or threat of use of armed force in or against Poland;

Determines to bring about conditions wherein Poland can exercise freely its inalienable rights;

Calls upon all states to take action, individually and collectively, designed to achieve the objectives of this resolution;

Calls upon all States to render assistance to refugees who have fled Poland as a result of the military intervention;

Requests the Secretary-General to report within twenty-four hours on the implementation of this resolution.